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THE MARKETING OF MILL FEEDS.

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Much has been written about nutritive values of various feeding stuffs and the popular method of arriving at them, but comparatively little is known by the average consumer about the merchandising of feedstuffs, or about what happens to a car of feed from the time it is sold by the manufacturer or miller until it finally reaches the retailer. A thorough understanding of the various phases of feed marketing would enable the dairyman to purchase his feed more advantageously and at the same time would place him in a position to determine with little effort approximately what prices he should pay for straight feeds delivered at his station.

It has been estimated that there are at least 3,000 feed jobbers in the United States. The number of retail dealers engaged in the feed-distributing business is conjectural, but a survey made during 1918 disclosed that approximately 15,000 firms handled feedstuffs in the northeastern section of the country, comprising the States of Pennsylvania, New York, New Jersey, Delaware, Massachusetts, Maine, Rhode Island, New Hampshire, Connecticut, and Vermont. Many of these firms, of course, handled feeds only as a side line.

According to figures published by the Bureau of the Census, the farmers' feed bill for 1919 was $1,097,452,187. Millions of tons of by-products of mills which formerly were allowed to go to waste are now utilized in the manufacture of mixed feeds, or are sold straight, enabling the dairy farmer to supplement locally produced grains or to balance his own rations.

Of the straight feeds, wheat feeds, which on an average selling price of $50 per ton during the year 1920 represented a value of approximately $200,000,000, are no doubt the most important item, and to avoid confusion the marketing of these feeds has been selected for

discussion. These feeds are commonly known as "offal," and approximately 9,000 tons are produced from every 1,000,000 bushels of wheat milled.

The feed value of these by-products was not realized in this country to any extent 40 years ago. Their popularity has steadily increased, and while formerly they were principally used by farmers in the vicinity of the source of supply as a supplement to the home-grown ration, they are now shipped from important milling centers to practically every section of the country.

The requirements of feeders in Pacific coast States are largely supplied by local mills and are supplemented by the surplus of mills located in neighboring States. The production of local mills in the Central West and the Northeastern and Southeastern States of the country is insufficient to supply the enormous demand from the dairy interests in those sections. To bridge the gap large quantities are obtained from western mills, principally from those located in Minnesota, Kansas, Missouri, Nebraska, and the Dakotas. The movement to the Gulf States is usually not very heavy. At times, however, there is a very active demand from Texas, which is mainly supplied by Kansas and Oklahoma mills.

While the handling of wheat feeds differs in some respects from that of other commodities, they reach the ultimate consumer through a system of distribution similar to that used for other food and feedstuffs, in which various middlemen, such as brokers, jobbers, commission men, and wholesale and retail dealers, play a very important part.

HOW FEEDS ARE SOLD BY MILLS.

The distribution of mill feeds from the larger mills to consumers is generally performed by the jobber, broker, commission merchant, wholesale dealer, and retail dealer. Of course, the route from producer to consumer varies. For example, brokers in distributing markets sell at times direct to dairy farmers, and jobbers in milling sections may sell occasionally to cooperative associations direct. Such instances are rare, however.

The production of country mills when not of great volume is often sold entirely to local feeders or in neighboring territory in ton lots or less. If there is any surplus the intermediary services of middlemen are used. (Fig. 1.)

Direct sales by mills.—While the bulk of wheat-feed production by flour mills is handled through middlemen, fair quantities are sold to mixed-feed plants, farmers' cooperative purchasing organizations, and neighboring dairy farmers direct. The volume of sales to distant dairy farmers is negligible, for farmers do not like to pay for shipments on "sight-draft" basis. On the other hand, mills do not seem to be anxious to increase their direct sales to distant dairy farmers, because jobbers and other intermediaries offer a ready and never-failing outlet for their by-products, and because the present system of distribution appears to them the most economical in the long run.

Sales to local jobbers and brokers.—Contrary to the general belief, the principal mills do not sell extensively to country dealers direct. Flour mills in Minneapolis, Kansas City, St. Louis, and other important markets dispose of enormous quantities of their wheat by-

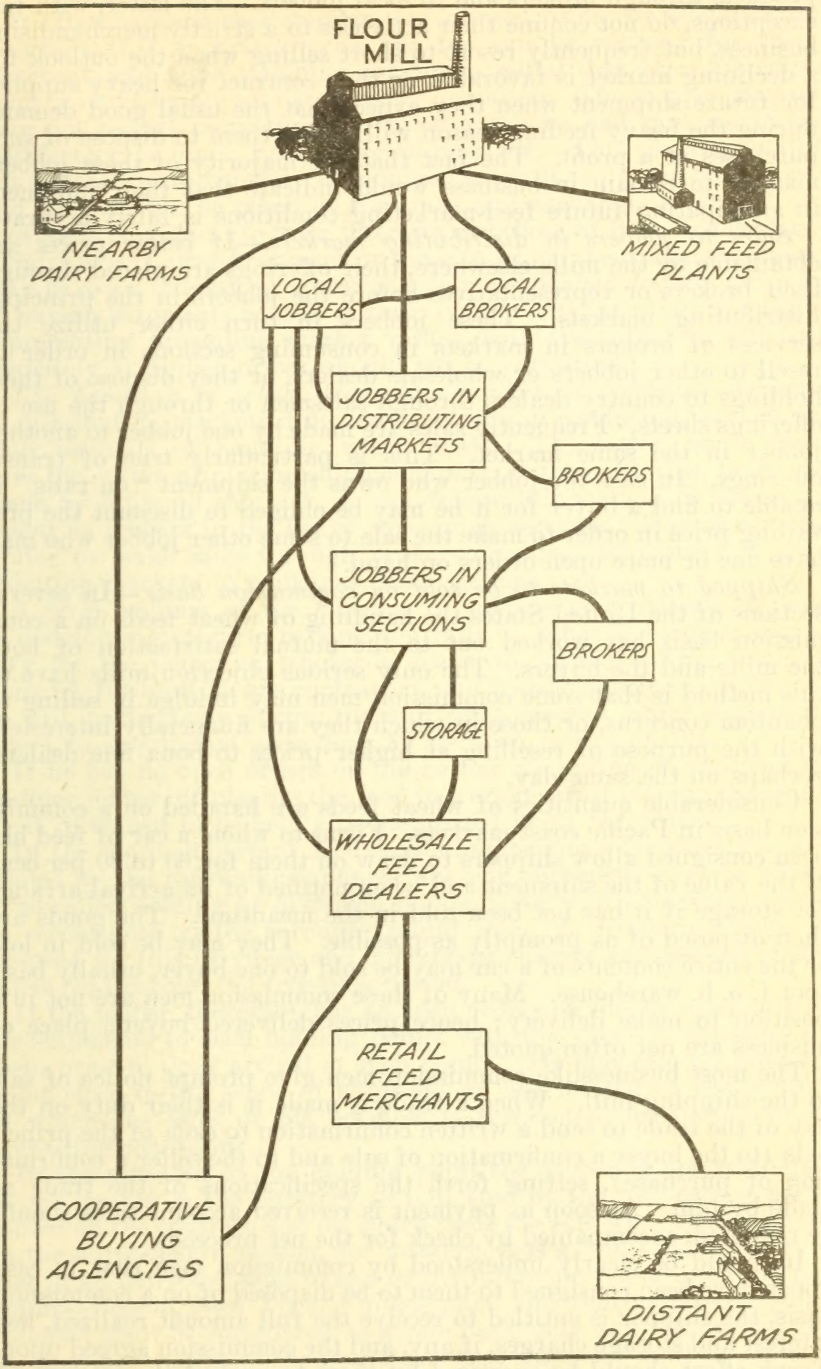

FIG. 1.—Chart showing system of distribution of mill feed from flour mill to consumer.

products through brokers and to local jobbers. The latter, with few exceptions, do not confine their activities to a strictly merchandising business, but frequently resort to short selling when the outlook for a declining market is favorable, or they contract for heavy supplies for future shipment when they expect that the usual good demand during the heavy feeding season will enable them to dispose of such purchases at a profit. The fact that the majority of these jobbers manage to remain in business would indicate that their judgment in anticipating future feed-marketing conditions is fairly accurate.

Sales to jobbers in distributing markets.—If better prices are obtainable by the mills elsewhere, their offerings are placed through their brokers or representatives before the jobbers in the principal distributing markets. These jobbers in turn either utilize the services of brokers in markets in consuming sections in order to resell to other jobbers or wholesale dealers, or they dispose of their holdings to country dealers through salesmen or through the use of offerings sheets. Frequently sales are made by one jobber to another jobber in the same market. This is particularly true of transit offerings. In case the jobber who owns the shipment "on rails" is unable to find a buyer for it he may be obliged to discount the prevailing price in order to make the sale to some other jobber who may have one or more open orders on hand.

Shipped to markets to be sold on commission basis.—In several sections of the United States the handling of wheat feeds on a commission basis has worked out to the mutual satisfaction of both the mills and the buyers. The only serious objection mills have to this method is that some commission men may indulge in selling to phantom concerns, or those in which they are financially interested, with the purpose of reselling at higher prices to bona fide dealers, perhaps on the same day.

Considerable quantities of wheat feeds are handled on a commission basis in Pacific coast markets. Firms to whom a car of feed has been consigned allow shippers to draw on them for 60 to 80 per cent of the value of the shipment and when notified of its arrival arrange for storage if it has not been sold in the meantime. The goods are then disposed of as promptly as possible. They may be sold in lots or the entire contents of a car may be sold to one buyer, usually basis spot f. o. b. warehouse. Many of these commission men are not in a position to make delivery; hence prices delivered buyer's place of business are not often quoted.

The most businesslike commission men give prompt notice of sale to the shipping mill. When a trade is made it is their duty on the day of the trade to send a written confirmation to each of the principals (to the buyer a confirmation of sale and to the seller a confirmation of purchase), setting forth the specifications of the trade as made by him. As soon as payment is received account sales should be rendered, accompanied by check for the net proceeds.

It should be clearly understood by commission men that in case goods have been consigned to them to be disposed of on a commission basis, the shipper is entitled to receive the full amount realized, less interest and storage charges, if any, and the commission agreed upon. Every effort should be exercised by them to protect the interest of their principals and to obtain the best possible price.

It often happens that shippers are advised, either by telephone or telegram, that a certain price per ton can be realized for their shipment, and after obtaining consent to sell at that price the shipment is immediately sold at a higher quotation. The shipper may or may not receive more than the price which he had said would be satisfactory to him. Frequently he does not. This practice, while not general, unfortunately is indulged in with too great frequency, and steps should be taken by the trade and exchanges to abolish it, because it is inimical to their interests and those of bona fide dealers.

Sales to self-owned concerns or those in which the commission man may have an interest, or concerns solely established for the purpose of having shipments booked to them temporarily, at prices not fully representing prevailing market values, with the intent to sell immediately at higher prices, should not be permitted.

The handling of wheat feeds in distributing markets.—Jobbers in distributing markets differ from jobbers in producing markets in their methods of handling wheat feeds. The latter, while they have the option of placing shipments in transit unsold when tender is made by mills on contract, do not follow this method to the same extent as jobbers in the heavy consuming sections. They generally prefer to make sales through brokers or direct to jobbers in distributing markets in principal dairy sections.

A large volume of the business of jobbers or wholesale dealers in distributing markets is done "on rails." When it becomes necessary for the jobber or wholesale dealer to furnish billing instructions for the stuff he has contracted, and transit offerings are heavy, he will, particularly during times of light demand, order shipments direct to destination according to his open orders on file.

If he has no open orders on file he has the option of reselling to another jobber, of placing the feed in storage, or of placing the shipment in transit to be held at a designated point for orders.

In the more important feed-consuming sections facilities are extended by the railroad companies whereby shipments may be billed to so-called holding or diversion points, from which shipments may be reconsigned at the through freight rate. A diversion charge is assessed for this privilege and demurrage charges are assessed if the car is held beyond the free-time period.

If the jobber, therefore, has no open orders on file, he often orders his shipments to such holding points with the view of disposing of them prior to their arrival at such points. He may select a holding point close to the point of shipment or one located in the section in which the bulk of his business is transacted, depending upon prevailing conditions.

In the selection of the holding point the jobber is not restricted to one located in the territory as indicated by the rate-basing point shown on the contract and on which basis the sale was consummated. In the northeastern section, for instance, it is a well-established rule that in all delivered sales to any of the following trunk-line terminal points—Boston, New York, Philadelphia, and Baltimore—the point specified shall be considered as a rate basis only and not necessarily the final destination of the goods, and that shipment shall be made to any point and via any line open for business in the eastern trunk line territory designated by the buyer which is reached by lake or

lake-and-rail lines during the season of navigation, or by all-rail trunk lines at other times, at the differential in effect at the time of shipment, as shown by published tariff rates, provided shipment is made within contract time.

Depending upon the demand for feeds and prevailing prices, shipments are ordered out over either fast or slow routes. When slow movement is desired the jobber may choose to order his cars over the most circuitous route and preferably over roads on which congestions have been reported, while if quick dispatch is wanted he can select any of the numerous fast freight lines. When ordering shipments to holding points the jobber assumes the risk of being obliged to pay diversion and demurrage charges at such points should he be unable to dispose of the shipments. To keep cars at holding points is an expensive proposition, therefore, transit offerings are often quoted at less than shipment prices. On the other hand, a spontaneous demand frequently results in such offerings commanding a premium of 50 cents or $1 per ton over shipment prices.

It should be understood that the arrival of a car at a holding point does not necessarily mean that it then becomes necessary for the dealer to dispose of it immediately at prevailing or sacrifice prices. There are often other avenues open to him, one of which is the ordering of the car to some other holding point along the route, or he may deem it advisable, if offerings are heavy and the demand poor, to place the shipment in either a private or railroad storage warehouse, a large number of which have arrangements allowing the reshipping of stored feeds at the through freight rate.

The principal reason for placing cars in transit unsold is that jobbers are often unable to obtain orders for goods previously bought from mills in anticipation of higher markets and therefore are unable to furnish instructions ordering these shipments direct to destination. Moreover, should the jobber fail to furnish specifications as required under the rules of the contract, the mill may elect to resell the goods in the open market, and in the event the market price is lower than the contract price he would be required to pay the difference in price.

In case the market is in the buyer's favor and the seller exercises his right to cancel the contract because shipping instructions are not supplied, the buyer is not entitled to anything. Before canceling the contract or reselling the goods, however, the seller is obliged to give the buyer due notice of his intention to do so.

Rather than allow the resale at whatever price the seller may be able to realize, the buyer usually prefers to take chances on the course of the market and his ability to dispose of the goods in his own territory and at his own price.

The practice of placing considerable quantities of feeds in transit, unsold, so common in the Northeast, is not followed to the same extent in other sections. The more constant and heavier demand in Northeastern States affords dealers a readier outlet than is found in other regions. In several sections the practice of holding cars in transit is rarely followed.

The territory supplied by distributors is confined to certain well-defined sections or States. For instance, dealers in Pittsburgh, Phila-

delphia, and Buffalo, who, with the Boston and New York City trade, supply the bulk of requirements of the Northeastern States, rarely make sales in the Southeast, while dealers in the latter territory located in such markets as Atlanta, Savannah, Augusta, Birmingham, and Montgomery seldom solicit business in Louisiana and Texas.

In fact, in practically every State where locally produced wheat feeds are insufficient to supply local requirements there are one or more important markets where such feeds, obtained by dealers from the large milling centers or interior mills, may be obtained by country dealers or dairymen.

It is customary at times to place shipments in transit unsold, particularly when the demand is good and is equal to or in excess of offerings. In such cases the jobber usually has a number of unfilled orders on hand on which these shipments may be applied in the event the demand should fall off and he should not succeed in finding buyers for them. This accounts for the desire on the part of jobbers to keep always well sold up ahead, often for a considerable period.

Open orders for future shipment can not be filled until due. The jobber will not apply transit shipments in case premiums can be realized for transit over shipment prices. He will not usually fill such open orders, particularly those for season shipment, until a more opportune time arrives. This practice has led to some criticism at times, and it is claimed that the desire to keep well sold up ahead has a tendency to hold up prices artificially.

When sales are made during declining markets at higher than prevailing prices, the desire of jobbers to gain a few extra dollars per ton because of the possibility of buying cheaper later on, rather than to cater to the immediate wants of the buyer, has often led to great inconvenience on the part of the buyer. This, in a measure, explains the growing tendency of country feed dealers to purchase transit cars rather than future delivery shipments, and when badly in need of feedstuffs they prefer to buy shipments actually at holding points rather than those reported as being en route to such points. While both offerings are considered transit shipments, the approximate date of arrival at final destination of cars actually at holding points may be readily estimated, while on those shipments for which so-called advance notices have been given it is exceedingly difficult to determine at times when delivery will be effected, as various factors, such as tie-ups, congestions, etc., may tend to delay them.

STORAGE OF WHEAT FEEDS.

During the late summer months, when pasturage is ample and wheat moves to the big milling centers in large volume, the offerings of wheat feeds by mills are usually very heavy and much feed is booked for deferred shipment.

At this time of the year the large jobbers and wholesale dealers anticipate their requirements for the coming winter and early spring. On account of the conditions named, prices of feed are often low during that season, and the jobbing trade naturally takes advantage of this situation.

Billing instructions on future shipment contracts do not have to be furnished until they are requested by the mills, which is usually some time during the month in which it is contracted to make shipment. Often, when the mills are in a position to do so, extension of time is given. On the other hand, if the mill is unable to fill the contract within contract time, the jobber or dealer frequently extends the same courtesy and allows shipment to be made at a later date than was originally agreed upon. The generally observed rule covering the period allowed for the furnishing of directions is that, unless otherwise agreed, all sales are understood to be for shipment at seller's option and that specifications on sales for immediate or quick shipment must be furnished at the time the transaction is closed. On sales for prompt shipment such specifications must be furnished within 3 days from date of the transaction. On sales for a longer period specifications must be furnished by the buyer within 3 days after demand by seller, and in any event at least 10 days prior to expiration of the contract, whether such specifications have been demanded by seller or not.

As has been pointed out, the open orders on file with the jobber or wholesale dealer are filled direct in case conditions do not warrant the shipping of cars to holding points to be held for orders. In case the demand for transit shipment is poor and no immediate improvement in conditions is expected, arrangements are usually made to have the shipments placed in storage warehouses, many of which are situated in eastern and western lake ports and large terminal markets.

While storing is resorted to at times to avoid breaks in prices, such facilities are mainly used with the expectation that during the fall, winter, and early spring materially higher prices may be realized because of the increased demand during such periods for feedstuffs generally and because of the demands of the jobbers' trade during that period.

In case storage is contemplated, arrangements should be made in due time to enable carriers and owners of warehouses to make the proper reservation. If such matters are taken up at the last moment it frequently happens that because all available space has been allotted no further requests can be entertained.

The rates charged for loading and unloading, as well as storage charges of railroad warehouses at lake ports, are those in effect at time of unloading as per tariffs on file with the Interstate Commerce Commission. The handling and storage charges of private warehouses are usually higher.

The storage charges, as a rule, do not cover insurance, which must be provided by the holder. The insurance rate is comparatively low, as most warehouses have up-to-date fire protection. Policies may be written for individual shipments or one policy may take care of all goods in certain warehouses in one city to the extent of their declared value. The amount of the policy may be reduced from time to time at the option of the insured, according to the value of the goods shipped out of the warehouses. Not all of the warehouses offering facilities for the storing of feeds have agreements with carriers allowing the reshipping of such feeds at the through rate from point of shipment to final destination. To avoid payment of

local rates of freight from cities where such warehouses are situated to final destinations, it is important that this feature be looked into before storage arrangements are made.

Freight charges on stored shipments to point where stored are collectible at time of storing, the balance being billed forward when the shipment is ordered out to its final destination. Storage charges are payable monthly.

HANDLING OF FEEDSTUFFS BY COOPERATIVE SOCIETIES.

In line with everything else, the overhead expenses of middlemen have grown to such an extent that unless a substantial margin of profit is added to their cost price it is impossible for them to conduct their business on a paying basis. This, in a measure, explains why the retail selling price of feedstuffs during the last few years advanced more than the increase in price received by the manufacturer seemed to warrant. The difference between mill and retail prices at present often amounts to as much as $10 per ton, exclusive of freight charges.

Largely because of this wide variation in prices and because it was thought in some communities that the service performed by the local dealer was not altogether satisfactory, a large number of cooperative buying organizations have undertaken to purchase the feed requirements of their members collectively.

The feeds are generally retailed by the societies to the farmer at the prevailing market prices and the accumulated profits are distributed annually on a pro rata basis, according to the amount of the purchases of the individual member, or according to the number of shares held in the organization by each farmer.

At first, purchases by cooperative societies were made largely from wholesale dealers and jobbers in neighboring markets because of the practice of these merchants to sell on "arrival draft" basis, which enabled the manager of the organization to inspect contents of car before payment was made. Shipping mills required the payment of drafts covering their shipments "at sight," and because of the fear that difficulty would be encountered with claims for damage filed after payment for the goods had been made, few orders were placed with mills. Since it has been the experience of these associations that all just claims are receiving due consideration and are usually promptly disposed of, this objection has largely disappeared and business between cooperative societies and shipping mills has increased substantially.

With the growing tendency on the part of consumers and farmers' organizations to buy their feedstuffs cooperatively, it is essential that they understand trading rules fully, and that they have a clear idea about the definitions of the various kinds and classes of feeds.

TRADE RULES.

In spite of the importance of the feed business there were until recently no generally recognized rules covering trades. Recently a number of exchanges and many important trade organizations have adopted the regulations formulated by a well-known feed distributors' association.

The following rules and customs are those most generally accepted by the trade. They differ slightly in a few respects from those observed in certain sections:

Confirmations.—Every trade or transaction in feedstuffs should be, and usually is, confirmed by the buyers and the sellers. If the trade has been negotiated by a broker, he should furnish both parties to the transaction with a confirmation stating fully terms and conditions of sale. Confirmations should be mailed or given on the date of sale and should be immediately checked and any discrepancies should be noted and brought to the attention of the other party to the contract. The confirmation should indicate the number of tons the car contracted for is to contain; if sacked, the number of sacks, kind used, and weight of each should be stated. The price shown should be either delivered destination, f. o. b. shipping point, or delivered to a certain rate-basing point or station. The time of shipment and terms of payment should be given.

Weights.—If instead of the number of tons the car is to contain the term "a carload" is used on the confirmation, it is generally understood to mean 20 tons net. A ton of feed weighs 2,000 pounds and a bag of feed, unless otherwise specified, 100 pounds. It should be understood that if rules of carriers provide for a higher minimum, or State laws are in conflict with generally recognized weights, transactions in feedstuffs are subject to such rules and laws.

Time of shipment.—The interpretations of rules covering time of shipment do not differ materially between the various sections of the country. There are slight differences of opinion at times as to whether the given number of days shall mean calendar days, excluding the date of sale, or from the day directions are received by the seller. The rules generally observed by the trade as to time of shipment are given below:

Immediate or rush shall mean shipment within 3 calendar days from the day directions are received by seller.

Quick shipment shall mean shipment within 5 calendar days from the day directions are received by seller.

Prompt shipment shall mean shipment within 10 calendar days from the day directions are received by seller.

Unspecified shipment.—Where shipment is not specified, prompt shipment is understood.

Loaded, spot, instant, or on track, shall mean that the goods are actually loaded and ready for billing, and the bill of lading must be dated on the day of sale.

In transit shall mean that the bill of lading must be dated at least one day prior to date of sale.

Deferred shipment.—In the purchase or sale of feed for deferred shipment the following specifications shall govern:

Where a specified number of days is not stated in the contract, but the time is referred to as first half or second half of a given month, it shall be understood that up to midnight of the 15th shall be considered the first half (this including February), the remainder of the month to be considered as second half.

Season shipments.—Season shipments shall mean shipment at any time, at the seller's option, between the date of sale and December 31 of the current year, inclusive.

The date of the bill of lading signed by the agent of the railroad issuing it is considered conclusive evidence of date of shipment in the absence of fraud. Exchange bills of lading show date of the original bill of lading, the name of the railroad, the station, and the agent who issued them. Any loss resulting through irregularity of the bill of lading is due from the seller.

Irregularities in bills of lading.—When an invoice covering the shipment contracted for is received and no irregularities are found in the bill of lading, payment of draft is made immediately if the shipment was bought "sight draft" basis. If bought on "arrival draft" basis and subject "inspection allowed," the draft is paid as soon as the car has arrived and contents have been inspected. The inspection should be performed promptly after notice of arrival is given by the railroad agent.

Delayed shipment.—If the seller fails to fill the contract within contract time the buyer has the right to extend the time or buy in for the seller's account, but prompt notice should be given to the seller of the buyer's intention to do so. The buyer has the same rights in the case of uncompleted contracts.

Arbitrations.—Space will not allow a discussion of the rules pertaining to weights, reshipment, claims, etc. In cases of dispute resulting from misunderstandings about these features, it is customary to refer them to the arbitration committee of the exchange or association of which one or both parties to the contract may be members. Friendly arbitrations are frequently resorted to. In the latter case each party to the contract selects a person or firm to represent him in the dispute and the two selected decide on the third member of the committee.

GRADES.

Wheat feeds are known under various names and terms in different parts of the country, but most commonly by the descriptions adopted by the Association of Feed Control Officials of the United States. Standards have been proposed by a committee of this association and are under consideration. In the absence of contrary arrangements, it is customary to accept the descriptions as promulgated by that organization, which are as follows:

Wheat bran.—Wheat bran is the coarse outer coating of the wheat kernel as separated from cleaned and scoured wheat in the usual process of commercial milling.

Standard middlings.—Standard middlings (red shorts or brown shorts) consists mostly of the fine particles of bran and of germ, with very little of the fibrous offal obtained from the "tail of the mill." This product must be obtained in the usual commercial process of milling.

Gray shorts.—Gray shorts (gray middlings or total shorts) consists of the fine particles of the outer bran, the inner or "bee-wing" bran, the germ, and the offal or fibrous material obtained from the "tail of the mill." The product must be obtained in the usual commercial process of flour milling.

Flour middlings.—Flour middlings consists of standard middlings and red dog flour combined in the proportions obtained in the usual process of milling.

White shorts or white middlings.—White shorts or white middlings consists of a small portion of the fine bran particles and of the germ and of a large portion of the fibrous offal obtained from the "tail of the mill." This product must be obtained in the usual process of flour milling.

Red dog flour.—Red dog flour consists of a mixture of low-grade flour, fine particles of bran, and the fibrous offal from the "tail of the mill."

Wheat mixed feed.—Wheat mixed feed (mill-run wheat bran) consists of pure wheat bran and the gray or total shorts or flour middlings combined in the proportions obtained in the usual process of commercial milling.

Wheat bran and standard middlings.—Wheat bran and standard middlings consists of the two commodities as defined above, mixed in the proportions obtained in the usual process of commercial milling.

Screenings.—Screenings consists of the smaller imperfect grains, weed seeds, and other foreign materials, having feeding value, separated in cleaning the grain.

Scourings.—Scourings consists of such portions of the cuticle, brush, white caps, dust, smut, and such other materials as are separated from the grain in the usual commercial process of scouring.

NOTE.—If to any of the wheat by-products feeds there are added screenings or scourings, as defined, either ground or unground, bolted or unbolted, such brand shall be so registered, labeled, and sold as clearly to indicate this fact. The words "screenings" or "scourings," as the case may be, shall appear as a part of the name or brand and shall be printed in type of the same size and face as the remainder of the brand name. When the word "screenings" appears it is not necessary to show also on the labeling the word "scourings."

As no definitions have been adopted for feeds, such as wheat chops and recleaned wheat screenings, samples should always be requested at time of purchase to avoid any controversies at time of delivery.

To avoid disputes, care should be exercised not to overstate or misrepresent qualities. When the demand is poor because of excellent pasturage conditions, or excessive supplies, salesmen often ascribe qualities to the feeds they offer which they may or may not possess. Frequently fancy names are used to describe straight feeds which should not be necessary if all feeds of the same kind were alike.

When trying to sell coarse spring bran, for instance, it is often termed "flakey," and the salesman does not ordinarily hesitate to designate his offerings as the product of one of the larger or better mills. The chances are that what he really has to sell is the coarse spring bran which his firm is able to obtain at the lowest possible price. Other wheat feeds are offered under descriptive terms which have no conventional meaning. The only meaning they may have is such as the sellers may or may not intend them to convey. Disappointment on the part of the buyer in not receiving the quality he expected to get usually follows and, particularly during the times of rapid declines in the market, is the chief cause of many refusals to accept. Such disappointment often leads to the loss of trade.

WHAT THE COUNTRY FEED DEALER SHOULD KNOW.

Practically every jobber and wholesale dealer in principal markets issues quotation sheets regularly, some with greater frequency than others. There is therefore no excuse for the country feed dealer not keeping posted relative to the prices of the more active feeds. In the case of feeds handled in comparatively small volume, such as red dog, flour middlings, oat feed, etc., the careful feed dealer obtains samples and quotations before placing his order because of the vast difference in quality and the wide range in prices at which such commodities are offered. If a country feed dealer does not receive any quotations and is in the market for a car of feed, he should write to four or five representative dealers in distributing centers, describing the kind of feed he desires, the approximate date it is wanted, size of car, railroad delivery, and further particulars, and request that delivered price be quoted and offerings be submitted. Upon receipt of offerings the buyer, by comparing prices and conditions, is in a position to determine which one best suits his needs. Prompt acceptance is essential.

To select a particular shipment from any of the quotation sheets he receives has at times proved to be an expensive proposition to the buyer. A combination of local rates may be assessed because the delivering carrier is not a participating carrier to the tariff under which the shipment moved. Jobbers and wholesale dealers are fairly familiar with traffic arrangements and do not knowingly apply on contracts those shipments that can not be handled at the through rate from point of shipment to destination. Nevertheless, instances have occurred where through an oversight buyers made an improper selection and sellers refused to make good the excess freight charges caused by the mistake, in spite of the fact that the buyer could not be expected to be familiar on the date the sale was made with the routing of the shipment as indicated on the bill of lading. The seller's view in such instances is an arbitrary one, as it is commonly understood that when a sale has been made on a delivered basis it is incumbent upon the seller to see that a shipment is applied on the contract which will make delivery at the flat through rate. In other words, the liability for all freight and other charges in such cases rests with the seller.

A knowledge of rules and regulations and of feeding values, particularly of compounded feeds, is as necessary to the successful conduct of the business of the country feed dealer as it is to that of other feed distributors. While literature pertaining to these features is readily obtainable, it is difficult for him to become familiar with certain undesirable practices, except through experience. Many of these practices, while not indulged in by reputable concerns, are committed frequently.

The most common experience, one that puzzles most country feed dealers, is that while on declining markets they find no difficulty in supplying their needs from offerings sheets of jobbers and wholesale dealers, a rising market often brings a statement that the particular offering desired by them has been purchased by some other dealer who wired in earlier that day.

There is really nothing unusual about this, as most of the offerings by jobbers and wholesale dealers are made subject to previous sale,

and acceptance to reach them before 10 or 10.30 a. m. of the day following date of issue of the quotations. This enables them to reject any acceptance if the market is stronger or has advanced, while if the market shows a weaker tendency or has declined the order will be filled.

If bran, for instance, is quoted at $25 per ton delivered, and because of a brisk demand brought on by unfavorable weather conditions in a certain section or other causes, a number of mills advance their prices 50 cents per ton, the country buyer, on receipt of his telegram by the jobber or wholesale dealer, is often advised that the particular car of bran he wanted has been sold, but that another one is available at $25.50. He may receive a telegram reading about like this:

> JNO. DOE, Zanesville, New York.
> Car bran due Sayre sold. Can book another car making your delivery at $25.50. Wire if accepted.
>
> CHARLES ROE.

If, because of generally favorable weather conditions or heavy production, mills reduced their prices 50 cents per ton, the country dealer, upon receipt of his wire, will be advised that his order has been booked, because the wholesaler or jobber is then in a position to replace the car at a lower figure than that prevailing on the date his quotation sheet was issued. This illustration does not represent an unusual case, but a typical one and one which happens only too frequently.

It is the duty of the country feed buyer to furnish proper shipping directions, and when he fails to do so such default relieves the seller of any obligation to make the shipment, and when other mutual terms of the contract have been violated by the buyer the seller has the right to cancel the contract or to resell the goods in the open market for the buyer's account. In the latter event the country feed dealer or buyer is liable to the seller if any loss is incurred. The seller should give the buyer prompt notice after the cancellation of the contract or the resale of the goods is made. In case of failure on the part of the seller to make shipment, the buyer may rescind either the contract or buy-in for the seller's account, in which case the seller is liable for the loss incurred by the buyer. Arrangements are often made between buyers and sellers to cancel contracts by paying the difference between the contract and the market price.

When shipping directions are furnished by the buyer before the expiration of the time allowance and the shipments are made by the seller before the buyer has given notice of his intention to exercise his option to cancel by paying the marginal difference, the shipment must be accepted.

Invoices received by buyers should always be carefully checked with the bill of lading and freight bills to detect possible errors. Unknowingly dealers sometimes have paid double freight charges on shipments consigned to them which would not have happened if proper care had been exercised, as overcharges due to misroutings or railroad errors are easily detected when invoices are properly audited.

That dealers should pay freight charges twice on the same shipment seems almost unbelievable, yet it is a fact that thousands of dollars in freight and other charges are annually paid by them for

which they are not liable. How this happens is not generally understood, but is easily explained.

The freight allowances on delivered shipments are customarily deducted from the seller's invoice, but as many shippers have understandings with transportation companies that all of their shipments are to be handled "freight to be prepaid," the invoices of shippers which have made such arrangements will show in the column on the invoice, used for the purpose of indicating the freight allowance, that no freight will be collected, i. e., "freight prepaid," and the gross amount of the invoice will be shown in the outer column and will be collected by draft.

Through the oversight of railroad employees many shipments are allowed to go forward "freight collect," although instructions from the shipper were to collect the freight from him. The result is that the buyer not only pays the freight when making payment of the gross amount of the invoice but he is also asked to pay freight to the railroad agent upon arrival of the shipment. It is, therefore, very important for the buyer to check carefully all invoices with his freight bills to avoid the double payment of freight charges. Charges that may have accrued while the shipment is in transit and that are due from the shipper, such as diversion and demurrage, will be found readily and claims for such items should be lodged with the seller as promptly as possible.

While familiarity with rules and definitions enables the country feed dealer to carry out the various operations incident to a transaction in feedstuffs, it does not necessarily qualify him to carry on his feed business successfully. He must study closely the conditions in the principal sources of supply, which may be thousands of miles away or may be close to the consuming section in which he is located. Frequently for many reasons requirements may be purchased in neighboring markets to better advantage than in distant producing markets. Particularly in cities or towns with more than one feed dealer and where there is more or less competition it is usually well worth while for dealers to acquaint themselves as fully as possible with prevailing conditions, such as supply, demand, and stocks on hand in distant markets.

HOW TO STUDY MARKET CONDITIONS.

The associative action of jobbers, brokers, and wholesale dealers has resulted in the formation of exchanges and trade organizations. One of the functions of these organizations is to collect and disseminate market prices and information, which makes it possible for the feed trade in the large shipping and distributing markets to keep posted relative to conditions affecting their business. Country dealers and cooperative societies, however, are not always in a position to avail themselves of the services of the exchanges and are largely dependent on the generally bullish ideas of visiting salesmen in forming their opinion of conditions.

A large number of trade journals devote space to the discussion of feedstuffs conditions in various markets. While no doubt much of the information is valuable, it has often been said that, as most of it is obtained from firms that specialize in the feeds they discuss,

the reports are more or less partial and are therefore not always dependable.

It is generally understood in what manner prices are determined in the most important shipping markets, but the prices quoted in newspapers in markets where no exchanges are located show at times such wide variations that for practical purposes they are useless. Little is known by the average dealer as to how they are arrived at or what they represent. Much remains to be done to educate buyers in this respect. A few of the principal difficulties leading to these wide ranges are here pointed out.

FACTORS CONTROLLING PRICES.

Prices for wheat feeds are controlled largely by potential supplies and production in surplus-producing sections. However, the availability of other feedstuffs which may be used as substitutes is an important factor. It is not uncommon in a section where liberal supplies of other feedstuffs are available to find prices of wheat feeds quoted materially lower than in sections where supplies are scant. This in spite of the fact that both sections may be the same distance from production centers. Not infrequently the prices for wheat feeds quoted by one local newspaper differ materially from those appearing in another newspaper published in the same city.

The main reason for this is that when feeds are not actively traded in the quotations published will be either those which prevailed at the time the last sale was made or those which represent the idea of a dealer regarding the price which he possibly may realize for one or more cars. Some other dealer may quote another newspaper on the basis on which he thinks wheat feeds may be bought, resulting at times in a wide difference between the prices as published by the two newspapers.

In heavy consuming and producing centers, and in cities where exchanges are located, the range between the prices quoted in the various local publications is usually narrow. In Western States and in Pacific Coast markets where exchanges are few the range between prices quoted is often large. Even in such markets as Portland, Oreg., and Seattle, Wash., which have exchanges where bids and offers for feedstuffs are made, wide variations in quotations appear at times. Actual transactions take place privately in these markets and the prices at which sales are consummated are usually not made public.

In most of the western markets similar conditions prevail. In the absence of exchanges, bids and offers are made by telephone and frequently meetings are held to reach an understanding on less-than-carload prices. The quotations appearing in newspapers in these markets are sometimes the actual prices obtained for one or more lots, but often they are estimates reached after a careful consideration of all circumstances by dealers. Many newspapers fail to show whether prices quoted are per bag, per ton, or per carload. Most of them, however, quote prices per bag as furnished by local retail feed dealers. Sometimes western dealers who handle stuff for local and neighboring country mills quote to newspapers a lower price than that prevailing, while dealers who trade in stuffs shipped in from the East often overstate the price, presumably to be able to

make a more favorable impression regarding conditions on prospective purchasers.

Other reasons for variations in prices are—

(1) Lack of agreement among dealers as to the volume of offerings.

(2) Purchases made at favorable figures by some dealers which are placed on the market at prices out of proportion with those quoted by dealers who must buy at prevailing prices.

(3) Unsold stuff in transit which is often disposed of by sacrifice on arrival.

(4) Forced purchases often made to fill contracts.

The lack of uniform grades for wheat feeds is another important obstacle to satisfactory price statements.

Still another difficulty lies in the confusion of meaning attached to a quotation. Is a quotation a record of a transaction, an offer, or a bid? The price furnished by a dealer may be one of these three. If it is one at which a trade was made, the question arises whether it was for cash, or for prompt, or for future shipment. It may have been a representative transaction, a sacrifice sale, or a forced purchase.

If the price quoted was an offer, it may have been for either prompt or future delivery. What is the duration of the offer? A dealer may state a price which he submits as an offer. If he is confronted by a customer he may modify his offer or he may withdraw it. Often a dealer submits a quotation when he wishes neither to sell nor to buy. The figure that he names is his idea of the value of the commodity in his market.

From producing or milling centers prices will be quoted at which a buyer can secure a carload of stuff. From consuming sections prices are quoted which are paid to the jobber or commission man or sometimes prices at which transactions between dealers are consummated.

WHAT TO ASCERTAIN ABOUT PRICES QUOTED.

The prudent buyer ascertains the following facts in connection with prices quoted before placing his order: (1) Grade; (2) quantity; (3) cash or credit; (4) bid or offer; (5) sight or arrival draft basis; (6) on spot or for shipment; (7) representative character and truthfulness of price; (8) branches of trade from which it originates.

At present the information concerning these factors is often incomplete, particularly in the Northwest and Southwest.

While some of the difficulties now encountered by dealers in ascertaining representative quotations can be removed only through educative effort, several of them could be overcome through a more complete market organization. It is doubtful, however, if all of them could be eliminated.

"Weather, Crops, and Markets," a weekly periodical issued by the United States Department of Agriculture, carries, each week, a table covering feed quotations in the principal markets, supplemented by a brief summary of market conditions of principal feedstuffs. The review and table are supplied to the public because of the usual difficulty in obtaining unbiased views, because of the need for re-

liable information, and because of the desirability of familiarizing consumers and dealers with actual conditions and prices in the principal markets.

Constant use of this information by buyers and sellers will result in a fairly comprehensive idea about conditions in general and in ability to interpret and use this information to advantage.

Much that upon first glance appears inconsistent, such as the wide difference in prices between various markets, soon becomes entirely clear if freight rates and existing conditions are taken into consideration.

It is not necessary to point out the advantage of a general knowledge of conditions, particularly when buyers have ample storage facilities and offerings are heavy, or when, in case of scant transit offerings, their supplies are sufficient to carry them over for a reasonable period.

FEEDSTUFFS LAWS.

The majority of the States have found it necessary to adopt laws regulating the sale and quality of feedstuffs. Unfortunately such laws differ materially in their requirements. The differences have led many mills to center their efforts on selling their feeds only in those territories where their feeds meet legal specifications. This lack of uniformity has seriously impaired a free distribution. In States where the legal fiber content requirement of wheat feeds has been placed rather low it is extremely difficult for spring-wheat mills to sell their offal. A number of States provide for sales of feeds by net weight. As mills often put up their feed in bags weighing 100 pounds gross, they are not allowed to make sales on the basis of 20 sacks of feed to the ton in these States. To overcome this difficulty a combined weight of feed and bags is invoiced at a certain price per ton.

In some States unadulterated wheat bran, middlings, or shorts are not taxed. Other States require neither registration nor license nor registration fee, while still others exact an inspection fee on wheat feeds whether pure or mixed with screenings.

The few illustrations given indicate that, particularly for a feed dealer or mill doing an extensive business, uniformity in regulations is very much to be desired.

The registration of feedstuffs, if sold delivered, is imposed upon the seller, who guarantees that the goods sold shall comply with the laws of the State into which they are sold. The registration fee and tax are also paid by the seller.

The collection of taxes or inspection fees necessary to carry out the laws regulating the sale and inspection of feedstuffs is performed in many ways. A few State laws provide for the payment of such taxes or fees at a nominal sum per ton, the seller to submit annually or semiannually a statement indicating the total feed tonnage sold by him in the State. Whether such States receive the full payment of the taxes due them is doubtful. It is, of course, extremely difficult to enforce collections in case the shippers are situated outside the State and refuse to make payment.

Other States charge a certain amount for the registration of each feed sold or exposed for sale, while still others require all feeds to

be marked with tags, obtainable from State officials having charge of the inspection work, at a certain amount for a given number, or provide for stamps to be attached to tags.

PRESENT NEEDS OF THE TRADE.

Many improvements are needed in the methods of marketing feedstuffs. Uniformity in the chief factors of marketing is probably the outstanding need.

UNIFORM STANDARDS FOR WHEAT FEEDS.

Although definitions for wheat feeds and ingredients thereof have been established, standards of quality have not been promulgated and are greatly needed. There are, for instance, thousands of millers in the United States whose ideas as to what should constitute bran and shorts and middlings seem highly variable. It is thought that if type samples could be agreed upon and could be placed in the hands of every miller and feed inspection department for guidance with respect to the observance of the feedstuffs laws, such arrangement would be of great benefit to the trade. Such a measure would enable buyers to determine the grade of feed they could expect to be applied on their contracts.

At present, unless the buyer stipulates in his contract the name of the mill whose product he desires, he does not know the quality of feed that will be delivered to him. He may buy by sample and in that case the feed he receives should be equal to the sample. To stipulate in a contract that the product of a particular mill is desired, while it affords some protection, does not always mean that the product of that mill will be received. Breakdowns, or inability to obtain wheat, may tempt that mill to purchase from competitors in order to fill its contracts, in which case usually its bags are furnished to the other mill in which to make shipment. This would lead the buyer to believe that what he receives is the product he contracted for. It should be stated, however, that in such cases every effort is made by the contracting mill to secure feeds of equal quality with those of its own manufacture, and that often buyers will receive a feed superior in quality to that which they expected to get.

A UNIFORM FEED LAW.

As a rule, State regulations pertaining to the sale of feedstuffs are intended merely to disclose to the purchaser the character of the feeds offered for sale, as feeds properly tagged or marked, although of inferior quality, may be legally sold when registered. State agricultural departments generally require that manufacturers and shippers doing business in their respective States file with the department a statement showing the ingredients contained in the feed intended to be sold and its guaranteed analysis. If a sale is made in the State, the manufacturer or shipper is bound to see that the feed shipped in complies with such regulations. These rules, however, do not always protect the feed consumer to the extent desired.

Because dealers, shippers, and manufacturers are liable to prosecution in the event an analysis of feed offered for sale is not in accordance with that guaranteed at the time of registration, the protein

and fat percentage of feedstuffs is often placed at a slightly lower and the fiber content at a little higher figure than their analyses would show in the majority of cases. This explains why often the analysis shown on the tags differs from that given at the time of registration. While there is no objection by State agricultural departments to the sale of feeds containing a better analysis than that specified in the registration blank, it is not permissible to sell feeds which show an analysis inferior to that indicated on the accompanying tags.

At present about one-sixth of the States have no laws regulating the sale or inspection of feedstuffs. This prevents consumers from securing adequate protection against quality and deficiency in weights.

The standards for wheat feeds adopted by the various States do not differ much. However, rules and regulations prescribing tagging requirements, the amount of registration fees, the manner of paying them, and other features vary widely and at times cause considerable confusion among distributors. This situation suggests the need for a uniform feed law.

The law should provide for uniform grades, weights, tagging, manner of marking and affixing tags, and manner of registration and inspection. Furthermore the law should provide for a more uniform method of procedure in cases where, because of difference of opinion between buyer and seller regarding quality, inspection is requested.

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